

02

Strategic Review

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CHAIRMAN'S STATEMENT



The performance delivered during the period

reflects the benefits of disciplined execution, strategic geographic positioning, and continued investment in developing operational capabilities. Despite sector-wide challenges associated with rising costs, Riyadh Cement maintained a strong pace of revenue generation, stable profitability, and a solid liquidity position. This enabled the Company to continue investing in its assets, its people, and its future growth opportunities, while also sustaining attractive returns to shareholders and supporting the Kingdom's transformation journey.

Riyadh Cement's strategic location at the heart of the Kingdom's most active construction area represents a core competitive advantage. Proximity to mega-projects in Riyadh contributes to lower transportation costs, stronger delivery reliability, and higher asset utilization. These factors have become increasingly important in a market characterized by elevated clinker inventory levels and ongoing competitive pricing pressure. When combined with a diversified product portfolio that includes grey and white cement, this advantage enhances the Company's ability to adapt to demand dynamics and customer requirements.

The Company maintains a clear and consistent strategic focus through progress across five core pillars: profitable growth, operational excellence, digital transformation, sustainability, and human capital. During the period, the Company strengthened its presence across a range of the Kingdom's leading development projects, reinforcing its position as a reliable supplier for priority projects aligned with Saudi Vision 2030. This has also deepened relationships with key customers, partners, and relevant government entities.

Sustainability is an integral part of the Company's long-term strategy. Riyadh Cement continues to implement a clear decarbonization roadmap aligned with national priorities, with the objective of achieving carbon neutrality by 2050. Current investments include high-efficiency clinker production, waste heat recovery systems, and circular economy practices, all of which contribute to improving the cost structure and reducing environmental impact. Afforestation initiatives and broader environmental programs further reflect the Company's commitment to delivering a lasting positive impact in the communities where it operates. The Company is scheduled to issue its first Environmental, Social and Governance (ESG) report for 2025, aimed at enhancing transparency and accountability.

Riyadh Cement's financial strength continues to support its differentiated position. The Company benefits from a strong financial position, high liquidity levels, and low leverage as a result of its primarily self-financed approach. This strengthens financial flexibility, enables effective navigation of market cycles, and supports the sustainability of the business and future growth with confidence and stability.

The Board of Directors continues to oversee the Company's strategy, sustainability agenda, and advanced digital foundation. Riyadh Cement is well positioned to continue creating value for its shareholders and to play an active role in supporting the Kingdom's economic and social development.

Mr. Salah bin Rashed Al Rashed

Chairman of the Board

CHIEF EXECUTIVE OFFICER'S MESSAGE



01 Operational performance, reliability, and cost discipline

The year 2025 was characterized by a focus on stable production, on-time delivery, controlling unit costs, and maintaining plant reliability, within a competitive market environment in the Central Region. Despite price volatility and persistently high clinker inventory levels across the sector, our focus remained on operating assets safely and efficiently, serving priority projects without interruption, and translating operational performance into stable cash flows. Operational discipline remains central to the Company's approach. Multi-year reliability, maintenance, and efficiency programs have supported sustainable production growth and cost control, while digital transformation initiatives continue to drive a step-change in how our plants are operated. The Company is implementing smart manufacturing systems,

including real-time monitoring, quality prediction tools, and digital twin solutions. These capabilities enhance productivity, operational consistency, and decision-making across the supply chain. Proximity to the Central Region's largest construction activities supports shorter delivery lead times; however, execution success depends on disciplined planning, coordinated fleet and dispatch operations, and strict controls for order management from receipt through to delivery. The Company also strengthened technical support capabilities to help customers optimize mix designs, address placement-condition challenges, and meet performance requirements, particularly in specialized white cement applications, where consistency and finish quality are critical.

02 Cost management and energy efficiency

Competitiveness in the cement sector depends on operational efficiency and energy performance. During 2025, we intensified the management of electricity and thermal consumption indicators per ton, maintenance costs, and operating consumables usage rates, supported by more precise operational control and continuous process improvement.

We also continued to advance waste heat recovery initiatives and to reduce energy intensity as part of our long-term strategy to improve the cost curve. In parallel, we expanded predictive maintenance programs to reduce stoppages, supporting both cost control and production stability.

03 Digital operations and data-driven control

Our digital agenda in 2025 was focused on delivering tangible operational outcomes, foremost among them: clearer visibility, faster decision-making, and reduced performance variability. Accordingly, we progressed in implementing smart manufacturing initiatives, including real-time monitoring, quality prediction tools, and digital twin applications, to strengthen process

control and enable early detection of deviations throughout the production cycle. We do not pursue digitalization as an end in itself, but as a means to achieve measurable improvements in runtime, quality consistency, and resource efficiency. As these systems mature, they have become embedded in daily operating routines, maintenance planning, and quality assurance across the Company's facilities.

04 Building execution capability

Execution effectiveness begins with a safe working environment and a skilled workforce. Over the past period, we maintained a "safety first" culture, supported by clear procedures, effective contractor controls, and a rigorous

permit-to-work system. We also continued to invest in training and capability development, while supporting national talent development through structured learning pathways that strengthen workforce sustainability over the long term.

04 Financial outcomes through operational discipline

In a market where margins can be affected by cost movements, financial resilience depends on operational discipline. By focusing on reliability, unit-cost control, working capital management, and strict investment

prioritization, we preserved the strength of our financial position. This enabled us to fund critical projects, maintain maintenance standards, and continue dividend distributions to shareholders.

Eng. Shoeil Jarallah Al Ayed

CEO

Business Model

At Riyadh Cement, we create sustainable value for stakeholders by combining an advantaged central-region footprint with operational excellence, disciplined governance, and an integrated sustainability roadmap. Our capabilities in white and grey cement production, supported by modern production lines and reliable logistics, allow us to serve Vision 2030 giga-projects and regional export markets while upholding the highest standards of safety, quality, and environmental stewardship.

Our Strengths

01 Financial

- Consistent profitability and cash generation supported by disciplined cost management, positive operating cash flow, and resilient margins driven by pricing, product mix, and prudent working-capital management.
- Shareholder-focused capital returns through an established dividend policy allowing interim dividend; FY-2025 cash dividends totaled SAR 192.0 million declared/paid during the year.
- Robust balance sheet and strong governance framework underpinned by effective internal controls, risk-based internal audit, and active Audit Committee oversight.

02 Operational

- Scaled, flexible capacity in the Kingdom's center (Al-Muzahimiyah, northwest of Riyadh) supported by reserves of high-purity limestone, ensuring a reliable supply for the Central Region and national projects.
- Modern efficiency & reliability through continuous improvement, digital monitoring, and preventive maintenances supporting high kiln availability, energy optimization, and stable product quality.
- Grey clinker and a dedicated white clinker line give product-mix flexibility, enabling the Company to respond to shifts in demand across infrastructure, commercial, and architectural applications..
- Certified quality (ISO 9001) with products conforming to SASO, ASTM, and BS EN standards.

03 Human Capital

- Saudization program "Himmah" Industrial Operations diploma building Saudi talent pipelines; structured learning pathways culminate in employment and career progression in operations and maintenance.
- Safety-first culture anchored in ISO 45001, permit to work rigor, and contractor-safety standards; leadership safety walks and near miss reporting strengthen discipline.
- Performance and inclusion through clear role accountability, competency frameworks, and equitable opportunities that support national localization goals.

04 Customers

- Tier-one approvals and long standing partnerships with ready-mix majors, infrastructure contractors, government programs, and strategic distributors in the Central Region and beyond.
- Customer-centric service model assured availability, on-spec quality, responsive technical support, and dependable delivery performance.
- Diversified demand base across ready-mix, precast, blocks, mortars, GRC, finishing, and decorative applications; participation in Vision 2030 giga and mega projects.

05 Diversified Offering

- Grey Cement
 - Ordinary Portland Cement (Type I / CEM I grades)
 - Sulfate-Resistant Cement (Type V / SR)
 - CEM II grades (e.g., limestone-blended) for durability and workability
- White Cement CEM I 52.5N and CEM II/A-LL 42.5N for architectural concrete, terrazzo, tiles, artificial stone, grouts, and decorative & finishing works.
- Value-added technical support for mix designs, troubleshooting, and application best practices.

How We Create Value



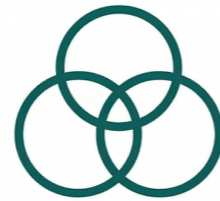
Our Vision

Achieving excellence and sustainability in the cement industry to become the first choice.



Our Mission

Providing a variety of high-quality and environmentally friendly products of white and grey cement to meet our customers' needs through optimal resource utilization, enhancing energy efficiency, protecting the environment, and contributing to job localization and sustainability.



Our Values

01

Innovation & Creativity

We promote innovation to introduce new products and apply new solutions and technologies to reduce costs, improve processes, and enhance product quality.

02

Participation & Integration

We create a healthy, motivating work environment that equips all team members to enhance capabilities positively reflecting on performance and efficiency.

03

Growth

We adopt best practices that ensure the sustainability of governance procedures to support the Company's growth and achieve better profitability for investors.

04

Quality

We adopt best practices that ensure the sustainability of governance procedures to support the Company's growth and achieve better profitability for investors.

05

Transparency

We establish the principle of transparency and maintain open channels with stakeholders.

Our Strategic Priorities (2025 and beyond)

01 Grow profitably

by increasing domestic share in the Central Region and expanding export reach for white cement; sustain pricing discipline and product-mix optimization.

02 Delight customers

with reliable availability, application know-how, and service excellence supported by data-driven order-to-delivery processes.

03 Advance operational performance

through enhancing kiln reliability, specific-heat and power-consumption reductions, clinker-factor optimization, and continuous debottlenecking.

04 Accelerate digital transformation

in maintenance, quality, and logistics; deploy analytics to lower cost and improve uptime.

05 Lead on sustainability

via waste-heat recovery (ORC), alternative fuels and raw materials, water stewardship, and circular-economy partnerships; prepare for stepped-up ESG disclosures.

06 Strengthen governance and risk management

cybersecurity, compliance, and supply-chain resilience while adopting a disciplined approach to capital allocation and clear hurdle rates for investments.

07 The establishment of the Riyadh Cement nursery

which is one of the flagship programs launched by the company to achieve the goal of planting one million trees by 2030.

Value Created

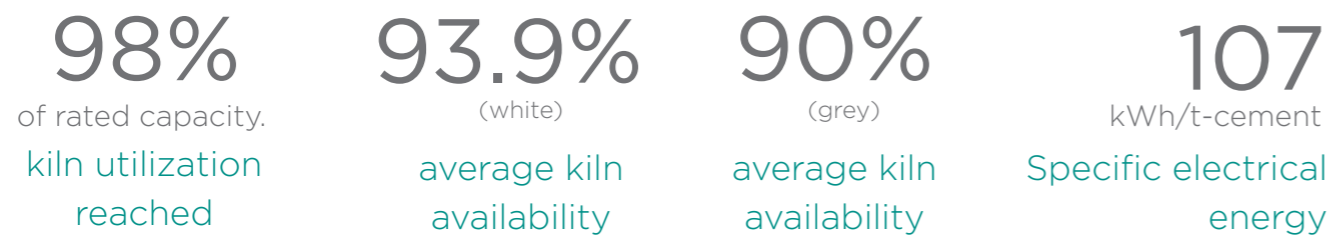
Financial performance



Cash to shareholders



Operational excellence



Market footprint



Customer service

6.4%

in core markets

Maintained disciplined pricing and strong regional market share and more than 50% of White Cement.

People & safety

3,626,304

Achieved

safe man-hours in 2025

Environmental progress

CO₂ intensity improved compared to the last year, reflecting continued efficiency gains.

Our Corporate Governance and Sustainability



01 People and Society

- Labor best practices**
Competitive, merit-based employment with equal opportunity and non-discrimination; structured performance management and clear progression pathways.
- Saudization & capability building**
“Himmah” cooperative education model; internships and university collaborations; supervisory skills and leadership programs.
- Occupational health & safety**
ISO 45001 certified system, contractor safety requirements, emergency readiness, and continuous hazard identification training.
- Workplace diversity & equal opportunity**
Fair recruitment, pay-equity principles, and inclusive development opportunities across functions and levels.
- Community engagement**
Educational visits, technical seminars, local supplier development, and environmental volunteering tied to national programs.



02 Corporate Governance

- Code of Conduct & ethics**
anchored in integrity, anti-bribery/anti-corruption, conflict of interest rules, and a confidential whistleblowing channel.
- Enterprise Risk Management**
Board-approved risk appetite and registers covering market, operations, HSE, financial reporting, IT/cybersecurity, legal/compliance, and supply chain.
- Board & Committees**
Effective oversight by the Board, Audit Committee, and Nomination & Remuneration Committee under CMA Corporate Governance Regulations; regular evaluations and full attendance disclosures in the Board Report.
- Internal control & assurance**
Independent Internal Audit executing a risk based plan; external audit and controls testing confirm effectiveness; policy suite covers disclosure, related-party transactions, and dividend distribution.
- Disclosure & transparency**
Timely investor communications, Tadawul announcements, and accessible policies; commitment to bilingual (AR/EN) clarity.



03 Climate Action

- Waste-heat recovery (Organic Rankine Cycle (ORC))**
Efficiency and emissions reduction through on-site electricity generation from kiln exhaust gases.
- Circularity & resource efficiency**
Alternative fuels (where viable), raw material substitution, partnerships, and clinker-factor optimization.
- Water stewardship**
Closed loop reuse in process and cooling circuits; monitoring of consumption and discharge in line with permits.
- Biodiversity & land stewardship**
Progressive rehabilitation plans and afforestation under the Million Tree initiative.
- Compliance & controls:**
ISO 14001 environmental management; alignment with national environmental regulations and permitting requirements.

Alignment with Saudi Vision 2030

Riyadh Cement aligns its strategy and day to day execution with the three pillars of Saudi Vision 2030 . A Prosperous Society, A Growing Economy, and An Empowered Nation , translating national priorities into measurable action in human capital, industrial competitiveness, governance, and sustainability. Our central-region footprint, dual white and grey cement platform, and disciplined governance enable us to supply giga/mega-projects while advancing Saudization, environmental stewardship, and transparency.

01

A Prosperous Society

To achieve the happiness and fulfillment of all citizens and residents through a high quality of life and an attractive living environment.

Strategic Alignment

People development and Saudization

We invest in structured learning pathways internal/external courses, leadership programs, on the job training and run a dedicated Skills Development Center at site. Our Himma cooperative diploma (the first of its kind in the Kingdom's cement industry) prepares Saudi youth for technical roles and ends with employment. We ensure an inclusive workplace and provide roles tailored for people with special needs.

Health, Safety & Well-being

We maintain certified systems SO 45001 for OHS and ISO 14001 for environmental management and operate to OSHA/NFPA standards, with permits in place for safe operations.

Community engagement

We host university trainings and site visits, collaborate with local authorities in Al-Muzahmiyya on vocational programs, and run health awareness and volunteer initiatives underpinned by a social-responsibility agenda that earned external recognition.

2025 Progress

Capability building at scale

Training and certification programs continued across production, sustainability, quality and leadership; the internal training center supported onboarding and reskilling aligned to Industry 4.0 upgrades.

Zero-harm culture

Accumulated 3,626,304 safe man-hours and Zero LTI through 2025, with continued emphasis on contractor management and permit to work.

Greening our ecosystem

Continued afforestation under the Million Tree Program 110,000 trees planted to date; expanded green areas around plant, nursery and housing.

Community programs

Partnerships with family-development associations, productive-family market access, and donations/re-use initiatives enhanced quality of life and supported circular practices

2025 Ambitions

Scale Himmah intakes and apprenticeships

deepen pathways for women in operations/maintenance, and elevate Saudization.

Expand community learning (STEM internships, plant open days),

and broaden health & well-being programs for employees and contractors.

Increase cumulative trees planted

biodiversity actions and land rehabilitation in support of the Saudi Green Initiative and Green Riyadh.

02

A Growing Economy

To build a diversified, sustainable economy that creates jobs for Saudis and attracts global talent.

Strategic Alignment

- Industrial backbone for Vision 2030 projects**
 Our Riyadh location provides advantaged access to mega projects – Qiddiya, Diriyah, Al Murabba, King Salman Park, Sports Boulevard, Riyadh Metro (Line 7), and major sports infrastructure – ensuring demand visibility and logistics efficiency.
- Efficient, flexible production**
 Three AI-enabled lines (dual white/grey capability) support high availability and quality at scale; product slate spans OPC, SRC, CEM II and premium white cement grades
- Sustainability as competitiveness**
 We are implementing waste heat recovery (ORC), energy efficiency upgrades, and circular economy initiatives (e.g., slag reuse), while launching a Sustainability Roadmap and materiality assessment.

2025 Progress

- Industrial transformation**
 Ranked among the Top 10 national companies (of 1,300) for industrial transformation; began deploying an AI Quality Optimizer to predict clinker-quality deviations and auto adjust operations.
- Operational excellence**
 Production mix optimization increased grey and white clinker output; predictive maintenance reduced downtime; specific energy per ton improved with ORC under construction (gross 12.7 MW).
- Market footprint and jobs**
 One of the Top-7 Saudi producers with 6.4% market share, 8 export markets and 748 employees; active across 29 key Riyadh projects with a 13% increase in 9M-2025.
- Energy transition enablers**
 Agreements with Saudi Aramco and Saudi Electricity Company under the Liquid Fuel Displacement Program support cleaner, more efficient energy supply.

2025 Ambitions

- Deepen participation in giga/mega-projects**
 (Expo 2030 build-up) and expand export channels for white cement.
- Commission WHR/ORC capacity across remaining lines**
 lift alternative-raws substitution and lower clinker factor.
- Scale digital plant initiatives (real-time control, digital twin)**
 to further reduce cost, improve uptime and quality consistency.

03

An Empowered Nation

To build an effectively governed, transparent, accountable country that enables citizens and organizations to pursue opportunities and advance the collective good

Strategic Alignment

- Corporate governance framework**

Riyadh Cement affirms it applies all mandatory provisions of the CMA Corporate Governance Regulations; Board committees (Audit; Nomination & Remuneration) oversee risk, controls and remuneration.
- Internal control & assurance**

Risk-based Internal Audit, Audit Committee review and external audit together concluded no significant weaknesses and that controls are effective.
- Fair returns & disclosure**

By-laws allow interim dividends (annual/semi-annual/quarterly) in line with CMA guidance; investor communications include timely Tadawul disclosures and IR materials.

2025 Progress

- TASI-listed discipline & policy enhancements**

Following our 2023 migration to the Main Market (TASI), we amended by-laws to enable interim dividends and initiated semi-annual payouts in 1H 2025 (SAR 120 m; SAR 1/share).
- Transparency & cyber-resilience**

Launched a new corporate website; obtained ISO 27001:2013 for information security and ISO 50001:2018 for energy management, strengthening disclosure, resilience and efficiency.
- ESG governance**

Conducted a materiality assessment and prepared our first ESG report (to be issued 2026), formalizing targets (incl. carbon neutrality by 2050) and KPIs.

2025 Ambitions

- Maintain full compliance with CMA CGR**

expand whistleblowing, third-party due diligence and ESG-linked risk registers.
- Enhance investor engagement**

through proactive IR programming, performance updates and policy transparency around dividend capacity and capital allocation.
- Integrate sustainability**

targets into executive scorecards and supplier performance, and publish year-on-year progress against carbon, energy, water and circularity metrics.

Strategy and KPIs

Strategy overview

Riyadh Cement's strategy is built to convert the Kingdom's sustained construction momentum into profitable, resilient and responsible growth. For 2026, execution will center on five focus areas: product development, market-share expansion, operational efficiency, innovation & digital transformation, and ESG with carbon-footprint reduction. Our approach is anchored in the Board-approved Vision, Mission and Values, which place product quality, energy efficiency, environmental protection and job localization at the center of decision-making.



Pillar 1 Profitable Growth

Strategic intent

Protect core share in the Central Region, deepen participation in giga/mega-projects, and sustain a balanced export book particularly in higher-value white cement while returning excess cash to shareholders.

The Company declared total dividends

of SAR 192 million for FY2025, including interim dividend of SAR 120 million (SAR 1.00 per share) in September 2025 following the amendment of its by-laws to enable interim dividend.

How we will grow

We target multi-year supply agreements on King Salman Park, Diriyah, Qiddiya, New Murabba, Sports Boulevard and other city-scale programs, leveraging our strategic location and on-spec delivery performance. Selective export routes remain a release valve for clinker and white cement, sustaining utilization and mix quality.

Where we are in 2025

Revenue declined 0.2% YoY to SAR 787.6 million, reflecting softer pricing conditions. Net profit reached SAR 207.8 million, This was primarily attributable to a reduction in average selling prices, notwithstanding an increase in sales volumes, in addition to the recovery of SAR 25 million from the Zakat, Tax and Customs Authority during 2024.

Riyadh Cement maintained

a market share of approximately 6.4%, ranking 7th nationally, with an estimated 20.6% share in the Central Region and active participation in 7 major projects across Riyadh.

Pillar 2 Operational Excellence

Strategic intent

Lift throughput, quality and unit-cost competitiveness via reliability engineering, lean manufacturing and disciplined planning across our dual-product platform.

Customer impact

Segment reporting shows grey-cement revenue of SAR 625.4 million (-0.48% YoY) on higher volumes despite lower average selling prices, while white-cement revenue of SAR 162.2 million (+0.76% YoY).

Where we are in 2025

Riyadh Cement increased grey-clinker production by -34% and white-clinker by -46% through 2025, strengthening fixed-cost absorption and supporting segment profitability. Our modern production lines have demonstrated the ability to operate at up to -98% of rated capacity without compromising quality. Reliability programs, including predictive maintenance, have reduced downtime by -10%, while stabilizing bag-filter performance to curb fugitive dust.



KPIs & 2026 objectives

- Revenue growth
-0.2%; maintain positive growth with disciplined pricing/mix
- Net profit margin
-33.1%; protect cash margins through cost actions and mix management.
- Dividend payout ratio
~96 % average; sustain programmatic dividends within FCF capacity.



KPIs & 2026 objectives

- Kiln/mill availability
and specific energy: sustain continuous improvements; embed reliability dashboards at crew level
- Production mix
optimize white/grey allocation to maximize contribution per ton

Pillar 3 Digital Transformation

Strategic intent

Deploy Industry 4.0 tools, including artificial intelligence and advanced analytics technologies to reduce process variability, strengthen asset care, and shorten order-to-delivery cycles, while accelerating digital transformation across operational processes and supply chains to support data-driven decision-making and improve overall performance efficiency.

Information security & data integrity

Digitalization is matched with controls; we operate under ISO 27001 for information security and maintain ISO 9001 quality-management processes that anchor data governance and traceability.

Where we are in 2025

Riyadh Cement was recognized among the Top-10 national companies (out of ~1,300) for Industrial Transformation. We began deploying an AI Quality Optimizer that predicts clinker-quality deviations and auto-adjusts operations, and we are rolling out Digital Plant Projects across all three plants: real-time production monitoring, predictive maintenance, quality-control systems and digital-twin optimization



KPIs & 2026 objectives

Plants with smart-manufacturing modules live

-0.2%; maintain positive growth with disciplined pricing/mix

Reducing unplanned downtime by strengthening

predictive maintenance and applying rule-based maintenance methodologies, while improving spareparts planning and management to support operational continuity.

Pillar 4 Sustainability & Energy Transition

Strategic intent

Reduce carbon and resource intensity while securing long-term energy competitiveness and compliance with evolving standards.

We maintain ISO 14001 (environment)

and ISO 50001:2018 (energy management) certifications and continued our Million Tree afforestation initiative, with ~110,000 cumulative seedlings produced to date. Our materiality assessment has been completed, and the Company is preparing to publish its first stand-alone ESG Report

Where we are in 2025

We delivered a 3% reduction in specific electrical energy consumption per ton of cement (107 kWh/t vs. 110.4 kWh/t in 2024). Our Waste-Heat Recovery (ORC) program—the first of its kind at a Saudi cement plant—is under construction with 12.7 MW (gross) expected.



KPIs & 2026 objectives

Specific energy

-3% vs. 2024 baseline; sustain reductions through ORC commissioning and process debottlenecking

WHR/ORC

12.7 MW (gross) under construction; commission phases and integrate generation into plant energy dashboards.

Afforestation

110,000 cumulative seedlings produced; continue scaling toward the Million Tree target aligned with the Saudi Green Initiative.

Pillar 5 Human Capital & Culture

Financial discipline & capital allocation

Riyadh Cement enters 2026 with low leverage (Debt-to-Equity 0.10), a current ratio of 4.7 and free cash flow of SAR 111.7 million for 2025 after SAR 131.4 million of capex; providing capacity to fund ORC, digital reliability, and targeted debottlenecking while sustaining a prudent dividend.

Our average dividend payout ratio is ~92.5% (2023-2025), consistent with policy and supported by disciplined cash generation.

- Strategic intent**
 Build a safe, capable and engaged workforce; localize critical skills; and reinforce a culture of integrity, inclusion and performance.
- Where we are in 2025**
 Saudization program "Himmah « Industrial Operations diploma continues to train and employ Saudi talent; more than 150 Saudis have been trained and hired through the program, supported by our Skills Development Center at site. We maintain ISO 45001 OHS certification and align policies with OSHA/NFPA standards. By FY2025 we recorded 3,626,304 safe man-hours with zero LTI, reflecting an entrenched safety culture.

- Saudization & pipeline**
 expand Himmah intakes; progress women in technical and supervisory roles, supporting the development of sustainable career pathways for national talent.
- Health & Safety**
 maintain zero LTI; embed contractor-safety uplift and leadership safety walks to reinforce a strong safety culture and promote a safe working environment.



KPIs & 2026 objectives

How strategy links to our operating context

Our strategic location in Riyadh gives advantaged access to the Kingdom's largest concentration of Vision 2030 projects Diriyah, King Salman Park, Qiddiya, New Murabba, Sports Boulevard, Riyadh Metro (Line 7) while our dual white-and-grey platform enables agile mix shifts across structural and architectural applications. Proximity to these projects gives RCC an advantage in supplying both grey and white cement with fast, reliable delivery, strengthening our role as a trusted partner on major developments. Quality is assured through SASO compliance and ISO 9001; environmental and OHS performance are governed by ISO 14001/45001, with all statutory permits in force.

To sustain this momentum, our 2026 plan is organized around five strategic pillars, each with defined actions and KPIs:

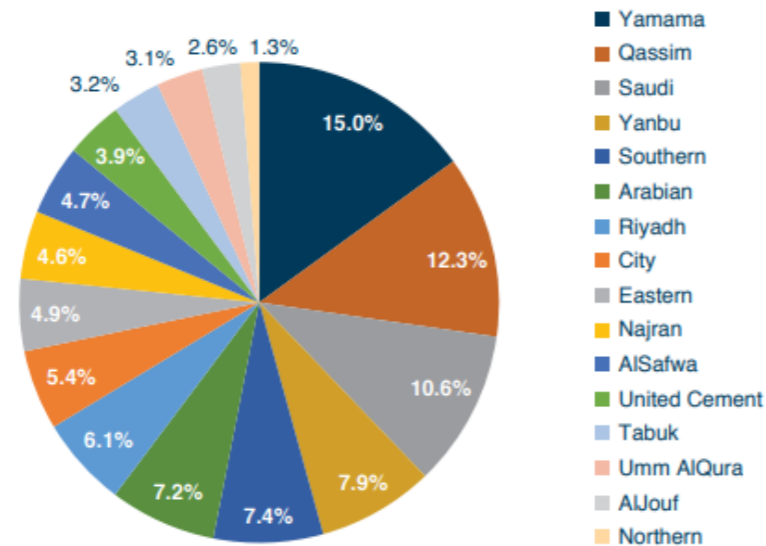


MARKET OVERVIEW

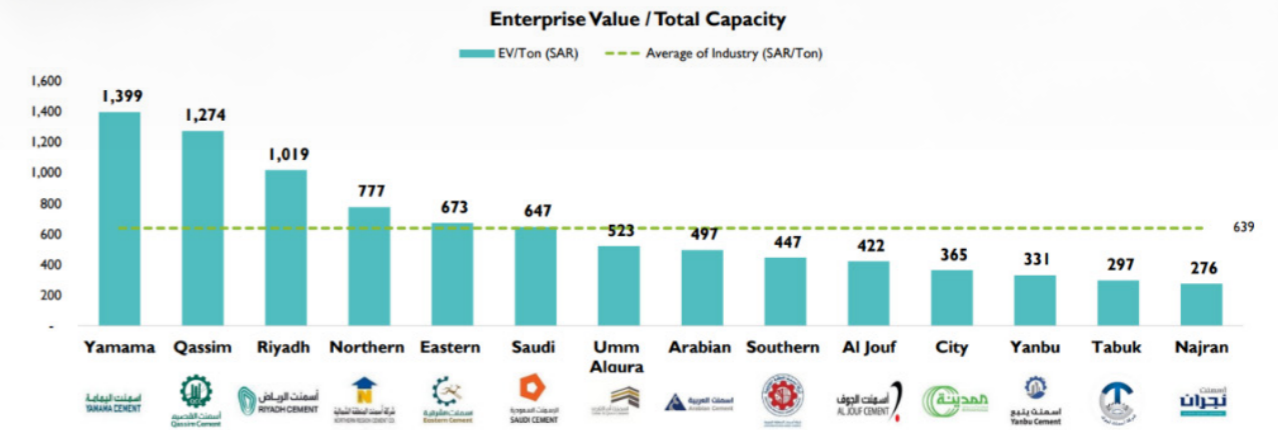
Navigating Demand Cycles and Strategic Opportunities (2025-2026)

Saudi Arabia's cement cycle strengthened through 2025 as Vision 2030 capital formation, steady public sector spending, and a gradual recovery in private real estate lifted shipments, and plant utilization. Cement demand grew 12% across the Kingdom in 2025, with Riyadh up 21%; despite this, inventories remained stable while selling prices were volatile due to intense competition.

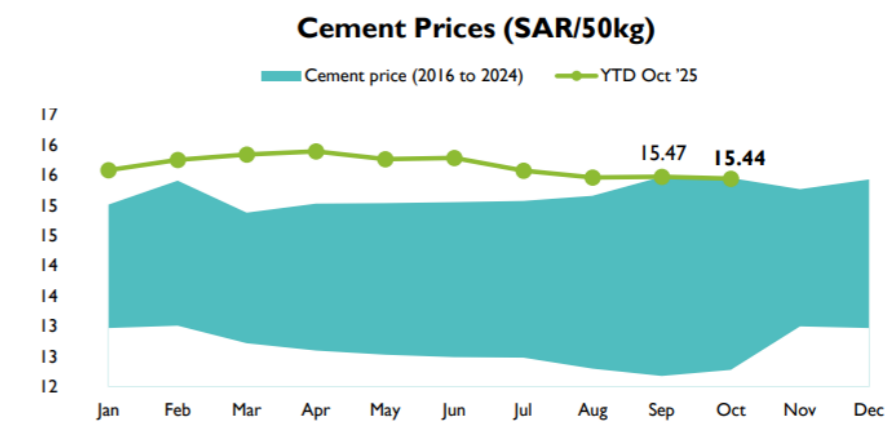
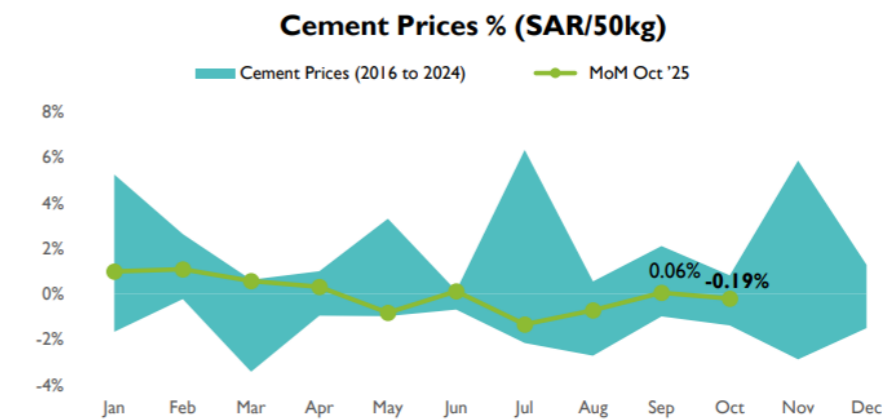
The sector's monthly tracker shows total cement sales (local plus exports) rising 7.4% year-on-year in October 2025 to 5.62 million tons, taking year-to-date growth to roughly 13%, evidence that the upturn has persisted beyond the typical seasonal peaks. Clinker inventories stood near 44.1 million tons in October, broadly stable, and consistent with higher kiln runs, while export dispatches held close to 0.56 million tons for the month. Independent sell-side coverage points to firmer domestic deliveries across most producers, with utilization improving, and the pace of activity in the Central Region particularly resilient.



Source: Yamama Cement, AlJazira Capital Research, Qassim Cement's figures incorporate Hail Cement's data.

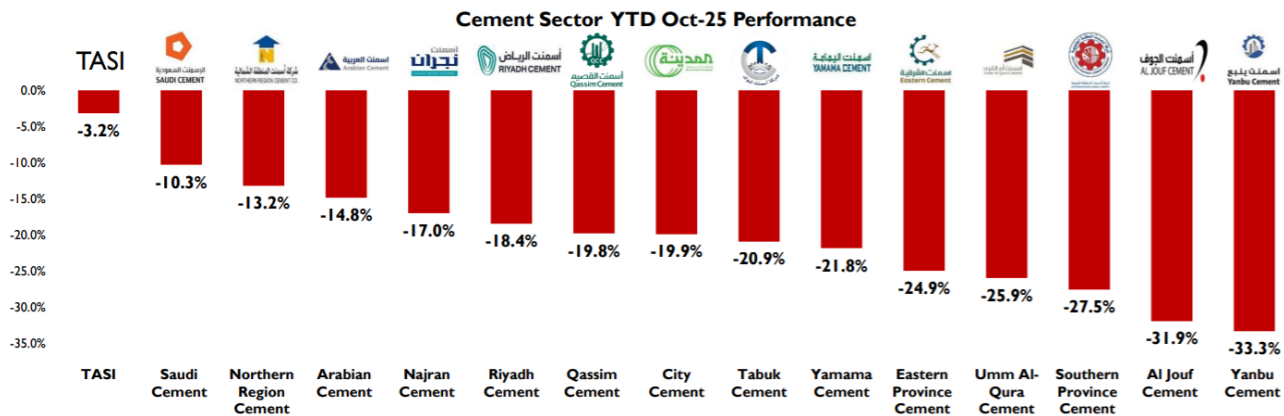


Pricing has remained disciplined. Construction-materials statistics published by the General Authority for Statistics (GASTAT) indicate that retail cement prices increased 1% during H1 2025, a benign move compared with other building materials, and consistent with the sector's focus on value over volume. GASTAT's new Construction Cost Index, released in mid-2025, provides a composite reference for materials, labor, equipment, and energy costs, adding transparency to the cost environment that ultimately shapes project bidding, and the affordability of housing and infrastructure



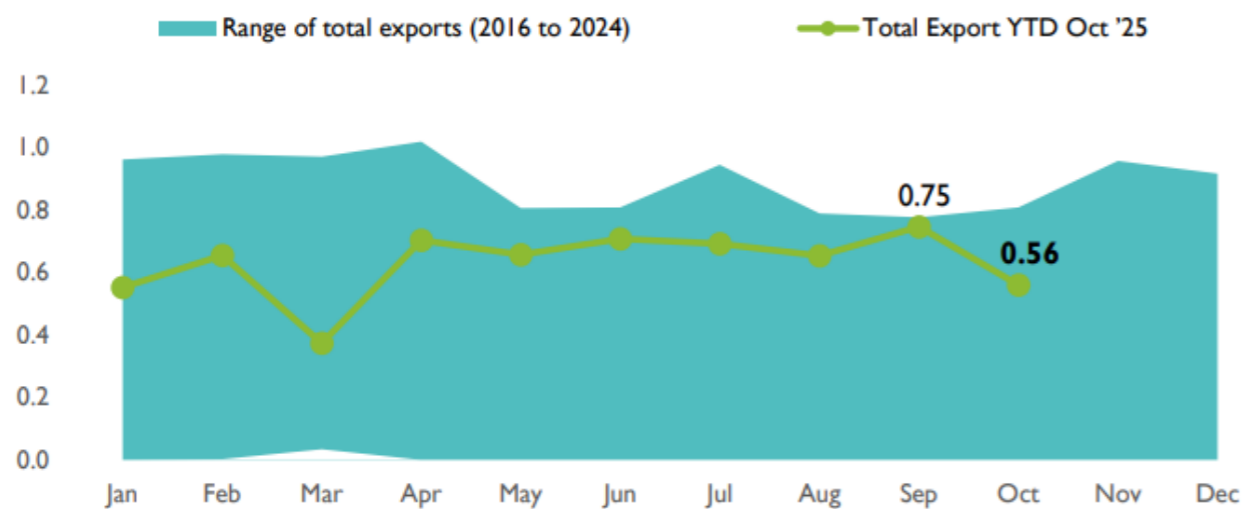
Source: Yamama Cement, Tharaa

MARKET OVERVIEW



Exports were an additional support in 2025. Sector data highlight robust clinker shipments (with leading exporters including Yanbu and Saudi Cement), and diversified cement flows into East Africa, South Asia, and Yemen, cushioning producers from periodic project timing shifts domestically. The breadth of destinations also reflects the Kingdom’s competitive position on freight-adjusted cost, an advantage Riyadh Cement leverages through its dual product slate, and central geographic location

Exports Dispatches (mnton)



The demand backdrop is anchored by a multi-year project pipeline

Private and public sources point to hundreds of billions of dollars in projects either awarded or in execution, with a further large slug in the pipeline. Independent market reports catalog two dozen giga-projects—from NEOM and King Salman International Airport to Diriyah, Qiddiya and King Salman Park—that will continue to shape materials demand profiles in housing, transport and social infrastructure. While 2025 brought selective recalibration and pacing of certain very large schemes, the policy commitment to diversification and urban development remains intact, and near-term construction is supported by a long tail of enabling works and city-scale infrastructure

Riyadh Cement is structurally advantaged in this environment

The Company’s central-region footprint and integrated grey and white cement platform allow it to serve large urban and infrastructure programs in Riyadh while supplying niche architectural demand at home and in export markets. The corporate site underscores the Company’s legacy in white cement originating in 1997 and scaled since together with its current positioning as a reliable supplier to national projects.

GCC market context

Across the GCC, 2025 marked a year of broad-based growth led by Saudi Arabia and the UAE, with incremental demand emerging from Qatar, Oman and Kuwait. In Qatar, the Public Works Authority (Ashghal) launched a five-year QAR 81 billion (ffiUSD 22bn) program for 2025–2029, covering citizen-land development, public buildings, sewage networks and strategic outfalls—programs that typically pull sulfate-resistant and blended cements as well as precast components

In the UAE, research releases in late-2025 indicate a market expected to expand by roughly 5% in 2025, albeit from an oversupplied base that necessitates continued export orientation and rising attention to sustainability performance. The combination of tourism-linked real estate, logistics and industrial projects provides a steady lane of demand for general purpose and blended cements

Oman is benefitting from activity around SEZAD (Duqm) and wider industrial diversification; independent market updates point to -5% growth in 2025 and a positive multi-year trajectory as new investments are rolled out under the 2025–2030 strategy

Kuwait has opened the way for private-sector participation in housing and, in September 2025, launched bidding for three new cities designed to tackle a long-standing housing backlog of -100,000 applicants—a multi-year program with material implications for cement and ready-mix demand as frameworks mature

These regional drivers confirm a GCC cement market that is expanding through 2025 and into 2026, even if growth rates differ by country due to varying supply balances and export options.

International landscape demand, energy and policy

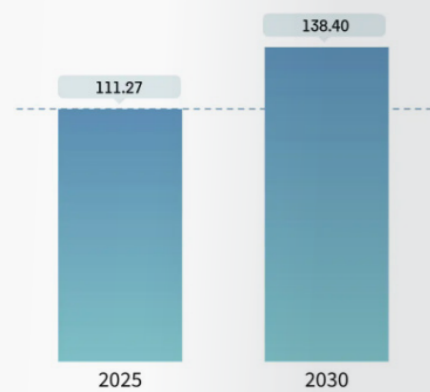
Globally, the sector is exiting a choppy 2024 into stabilisation in 2025. Industry trackers project modest global demand growth of about 0.3% to 3,866Mt in 2025, with ex-China demand expected to rise ~4% as interest-rate pressures ease. Commercial data houses also flag a positive value trajectory for the broader market through 2029. For GCC-based exporters, this translates into a more predictable external backdrop and better visibility on trade lanes

On the cost side, fuel and power remain the key swing variables. The IEA's 2025 Coal Mid-Year Update and subsequent press coverage point to elevated but easing coal markets, with the trajectory into 2026 broadly downward alongside weak commodity indices in the World Bank's Commodity Markets Outlook—a constructive signal for kiln-fuel procurement and delivered costs so long as petcoke differentials remain manageable

Trade policy will increasingly shape cross-border cement economics

The EU's Carbon Border Adjustment Mechanism (CBAM) is in transition through 2025, with full operation from 1 January 2026 for cement and clinker; importers will be required to report embedded emissions and purchase certificates aligned to the EU ETS trajectory. Preparatory customs and TARIC updates issued in December 2025 confirm the operational architecture for enforcement. For Gulf exporters, CBAM will incentivize lower-clinker products and documented emissions baselines to preserve optionality for any EU-bound flows

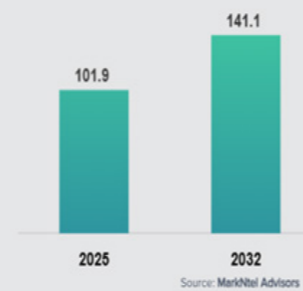
GCC Cement Market
Market Size in Million Tons
CAGR 4.46%



Source: Mordor Intelligence

GCC Cement Market

Projected 4.97% CAGR from 2026 to 2032



Source: Market Advisors

Energy transition and sector competitiveness in Saudi Arabia

Saudi policy is simultaneously lowering structural energy intensity and improving grid reliability for heavy industry. Under the national Liquid Fuel Displacement Program (LFDP), cement plants are being connected to the grid, substituting liquid fuels with more efficient electricity and gas. In December 2025, Riyadh Cement signed an SAR 85 million EPC contract to build an 33/11 kV grid station for its Nisah plant—an LFDP milestone that supports operational reliability and reduces emissions from captive liquid-fuel generation. (11)

Complementing this, Riyadh Cement is constructing the Kingdom's first Organic Rankine Cycle (ORC) waste-heat recovery project—13 MWe of generation capacity that captures heat from clinker coolers and preheaters and operates with zero water consumption thanks to air-cooled condensers. The project, supplied by Turboden (MHI Group), is a flagship example of capital-efficient decarbonisation that also lowers delivered power costs and shields margins across the cycle.

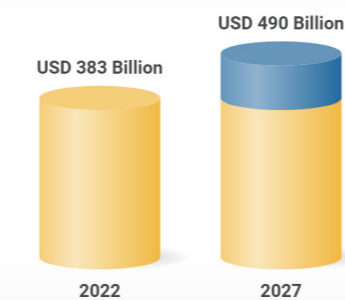
Outlook for 2026

Looking to 2026, most observers anticipate continued growth in Saudi cement demand, underpinned by city-scale infrastructure and housing and a steady cadence of awards—even as select giga-projects are paced to align budgets and execution capacity. In the GCC, Qatar's Ashghal plan enters its key delivery years, UAE construction remains active across logistics, industrial and hospitality, Oman's Duqm and related programs gain critical mass, and Kuwait's housing initiatives work through procurement and early works. Internationally, global demand is expected to be flat-to-modestly positive, with cost tailwinds from softer commodities partially offset by logistics and policy frictions, including CBAM's first year of full operation.

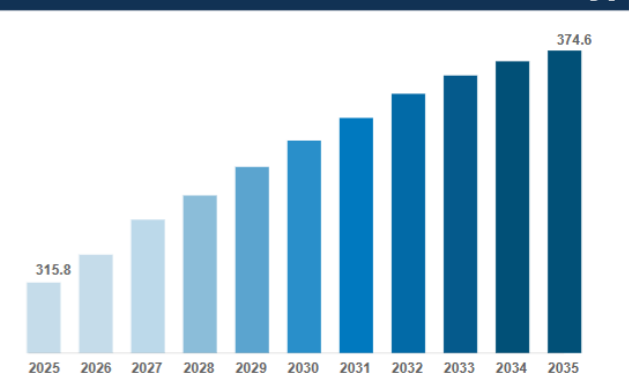
For Riyadh Cement, the combination of central-market exposure, export agility, white-cement leadership, LFDP grid connection and ORC start-up provides resilience and operating leverage to the cycle's next phase

Global Cement Market

Market forecast to grow at a CAGR of 5%



Global Cement Market Size 2035 (USD Billion)



Technology And Innovation

At Riyadh Cement, continuous innovation is a strategic enabler of safety, quality, efficiency, and sustainability. We invest in advanced manufacturing systems, data-driven plant management, and cleaner-energy solutions to strengthen our cost position and reduce environmental impact, while ensuring reliable supply to Saudi Arabia's giga- and mega-projects. In 2025 we intensified this program across three fronts: Industry digitalization, energy & emissions efficiency, and collaborative capability building

By deploying Fourth Industrial Revolution technologies and clean energy solutions, we are working to establish advanced standards for innovation and sustainability in the Saudi cement sector

01 Energy & Emissions Efficiency

Waste-Heat Recovery (ORC) under construction

The Company is building Organic Rankine Cycle waste-heat recovery systems that are expected to generate gross 12.7 MW. These projects reduce purchased power, lower CO₂ intensity, and strengthen resilience to fuel-price volatility.

Certified energy management

In 2024 we achieved ISO 50001:2018 certification for our Energy Management System, formalizing the governance, measurement, and continuous-improvement processes that underpin our 2025 initiatives

Circularity in raw materials

We advanced industrial-waste utilization (e.g., iron-slag recycling) and raw-material substitution, supporting clinker-factor optimization and our long-term pathway to lower embodied carbon.

Reliability-based maintenance on emissions controls

Reliability programs for process equipment and bag filters cut fugitive dust and stabilize operations, improving environmental performance alongside uptime.

02 Industry 4.0 & Smart Manufacturing

Top-10 national ranking in industrial transformation

with the first deployment of an AI Quality Optimizer that predicts clinker-quality deviations and automatically adjusts operations to enhance product consistency and customer satisfaction

Digital Plant Projects (three plants):

Roll-out of smart-manufacturing features includes real-time production monitoring, predictive-maintenance and quality-control systems, and digital-twin technology to optimize planning and execution. Early outcomes include a 4% reduction in energy consumption per ton of cement and predictive-maintenance routines that reduce downtime by ~5%.

Modern, flexible process platform

Our state-of-the-art equipment and AI-enabled lines continue to support production at up to 98% of rated capacity without compromising quality, underlining the robustness of our process-control and debottlenecking program.

03 Collaboration, Standards & Knowledge-Sharing

"Future Factories" programs & Industrial Competitiveness

Participation in national initiatives accelerates adoption of the latest manufacturing technologies and operational-excellence practices across the Kingdom's industrial base.

Information security for digital operations

To safeguard our data, systems, and partners, Riyadh Cement secured ISO 27001:2013 certification, reinforcing risk-managed digitalization and compliance with local and international standards.

HSE and quality systems

The Company maintains ISO 9001 (quality), ISO 14001 (environment), and ISO 45001 (OH&S) certifications; policies align with OSHA and NFPA, and all statutory permits are in force—forming the backbone for safe technology deployment

How technology is improving outcomes in 2025

Operational efficiency and stability

Digital twins and real-time analytics help operators tune kiln/VRM set-points, minimize variability, and maintain high clinker output, including a 7% increase in grey clinker and 24% in white clinker production in 9M-2025.

01

Energy intensity trending down

The energy-optimization program delivered a 4% reduction in energy consumption per ton of cement ahead of the ORC start-up, with further reductions expected as WHR phases come online

02

Asset reliability and uptime

Predictive-maintenance routines and reliability engineering are reducing unplanned stoppages (targeting ~5% downtime reduction) and improving mean-time-between-failures on critical subsystems.

03

Environmental footprint

Alongside WHR and energy management, the Company is progressing a materiality assessment and will publish its first ESG report, formalizing KPIs (including carbon neutrality by 2050) and programmatic actions such as afforestation (cumulative 110,000 trees planted to date)

04

Risk Management

Enterprise Risk Management Framework

Riyadh Cement Company (RCC) operates under a structured Enterprise Risk Management (ERM) framework designed to safeguard shareholder value, ensure regulatory compliance, and enhance resilience against operational and financial volatility. The framework follows best practices consistent with CMA governance requirements and draws alignment from internationally recognized standards, such as the COSO framework used by industry peers.

The Company's approach is guided by three principles:

- Integration**
 embedding risk assessment into all strategic and operational decision-making processes.
- Proactivity**
 identifying, evaluating, and mitigating risks before they materialize
- Accountability**
 ensuring clear ownership and oversight at every level of management.

RCC's Board of Directors maintains overall oversight of risk governance, supported by the Audit Committee, which monitors internal control systems and ensures their adequacy and effectiveness. Internal Audit provides independent assurance, evaluating risk exposure across operational, financial, and compliance domains.

Governance and Oversight

RCC's risk management structure ensures that risk control and oversight are distributed across multiple levels of accountability:

<p>Board of Directors 01</p> <p>Approves risk policies, reviews strategic and emerging risks, and ensures alignment with corporate objectives and shareholder interests.</p>	<p>Audit Committee 02</p> <p>Evaluates the adequacy of the internal control system, reviews audit findings, and supervises the implementation of corrective measures.</p>
<p>Executive Management: 04</p> <p>Identifies and mitigates operational, financial, and market risks in day-to-day operations.</p>	<p>Internal Audit 03</p> <p>Provides continuous assurance through risk-based audits, ensuring compliance with established governance standards.</p>

This multi-tier structure mirrors the "three lines of defense" model seen in leading industrial enterprises, ensuring that each control layer reinforces the others.

Risk Identification and Monitoring Approach

RCC systematically identifies and monitors risks that may affect its operations and performance through continuous review mechanisms:

01

Strategic Risks

Linked to long-term planning, expansion, and project execution

02

Operational Risks

Related to plant reliability, safety, raw materials, and production continuity.

03

Financial Risks

Including liquidity, funding access, and exposure to zakat and tax liabilities.

04

Regulatory and Compliance Risks

Covering adherence to quarry licensing conditions, environmental regulations and sustainability, and industrial permits.

05

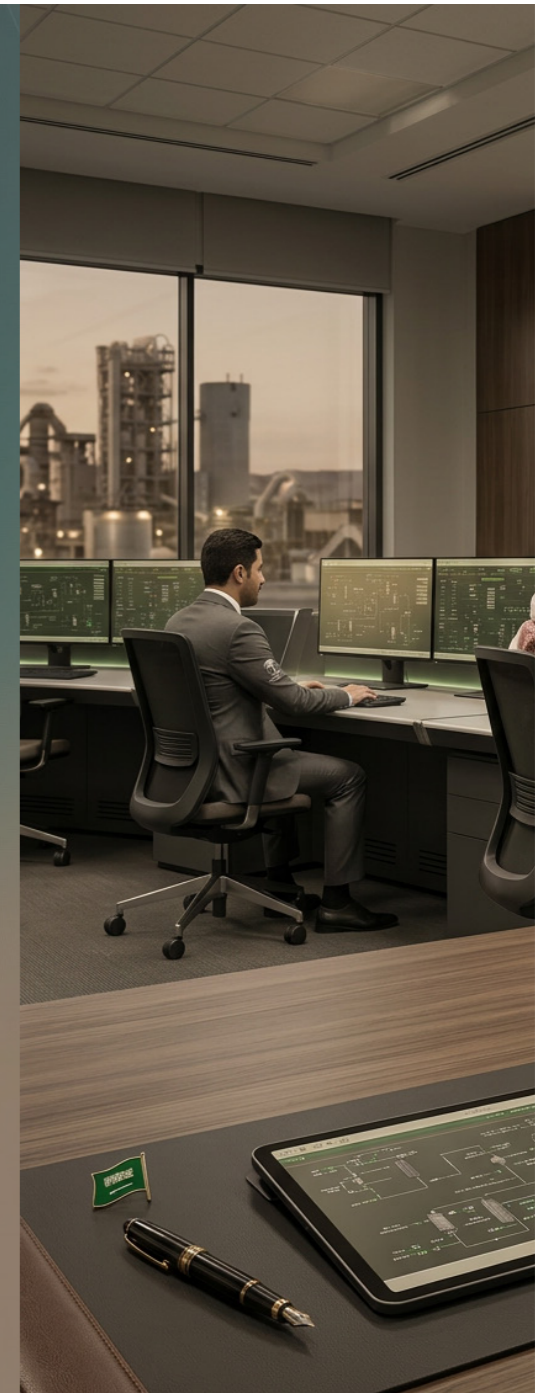
Technology and Information Security Risks

Managed through cybersecurity assessments and ISO 27001:2013-aligned controls.

The Company's internal audit department performs regular reviews to test the robustness of internal controls, reporting results to the Audit Committee, which found no significant weaknesses in the 2024 evaluation.

Principal Risks and Mitigation Measures

Category	Risk Description	Mitigation Actions
Raw Materials Quarry License Risk	Non-compliance with the Ministry of Industry and Mineral Resources' conditions could result in license termination, impacting operations and financial standing	Strict adherence to the Mining Investment Law, environmental protection programs, and continuous engagement with regulatory bodies.
Strategy Execution Risk	Failure to execute business expansion or production line upgrades on schedule could affect profitability and competitiveness.	Strong project governance, capability building, and efficient financial and operational planning.
Licensing and Regulatory Risk	Delays in renewing industrial or environmental permits could disrupt operations and trigger penalties.	Dedicated compliance function tracking renewal cycles and maintaining proactive regulator engagement.
Talent Retention Risk	Loss of key management and skilled professionals could affect operations and decision continuity.	Succession planning, competitive compensation, and targeted training programs.
Misconduct or Fraud Risk	Employee error or misconduct could result in financial or reputational damage.	Reinforced internal controls, segregation of duties, and continuous ethics training
Financial and Legal Exposure Risk	Potential liabilities from tax, zakat, or litigation could affect financial performance.	Periodic review of exposures and maintaining adequate provisions and insurance coverage.
Funding and Liquidity Risk	Limited access to funding may affect execution of future expansion projects.	Maintaining a strong balance sheet, low leverage, and disciplined capital allocation framework.
Market and Margin Pressure	Declining cement prices and elevated inventories can compress margins. Price pressure, energy-cost volatility, and inventory overhang remain the main external headwinds.	Continuous cost optimization, diversification into white cement, and operational excellence initiatives
Operational Reliability and Energy Efficiency	Plant downtime or energy inefficiency could increase production costs and impact profitability.	Implementation of predictive maintenance, waste-heat recovery systems, and energy-intensity reduction programs.
Cybersecurity and Digital Infrastructure Risk	Cyber threats may compromise systems and data integrity.	ISO 27001:2013-certified controls, proactive monitoring, and employee awareness programs.



Risk Mitigation Philosophy

RCC adopts a four-tier response strategy modeled after the “4Ts” framework used in regional industrial risk management:

- **Treat**
Implement preventive measures and control enhancements to reduce exposure.
- **Tolerate**
Accept minimal risks within defined thresholds when the cost of mitigation exceeds the benefit
- **Transfer**
Mitigate through insurance, outsourcing, or contractual safeguards.
- **Terminate**
Cease or avoid activities that exceed acceptable risk appetite

This framework ensures that all risk decisions are based on clear foundations, transparent, and aligned with the company’s strategic objectives.

Continuous Improvement and Way Forward

RCC is enhancing its enterprise risk management capabilities by integrating digital dashboards and key risk indicators (KRIs) to improve visibility across operations. The Company’s focus in 2025 includes:

- Strengthening data-driven monitoring of operational and financial risks
- Expanding internal audit scope to cover sustainability and cybersecurity risk.
- Embedding risk ownership at all management levels to foster a culture of accountability and proactive governance

By maintaining strong financial discipline, high operational reliability, and robust governance practices, Riyadh Cement Company continues to fortify its resilience and protect long-term shareholder value while supporting the Kingdom’s industrial growth and national sustainability objectives.